

Tax News

January 2008

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FTB launches tax season with new taxpayer services

The 2008 filing season is almost upon us, and we have been busy looking for ways to make tax filing easier for California taxpayers and tax professionals. What follows is a description of technology and law changes that occurred in 2007, and tips for how to navigate successfully through the next few months.

Technology changes

Accessing many of our sites gets easier

Beginning January 2, 2008, we no longer require a Customer Service Number (CSN) to access these services:

- Web Pay
- Electronic installment agreements
- *CalFile*

Taxpayers now enter only their Social Security Number and last name to access these services.

My FTB Account

Those who used the service last year will notice the *View Payments and Balance Due* application has been renamed *My FTB Account* (see related article in this issue). This application now gives taxpayers the ability to view FTB-issued 1099-Gs, 1099-INTs, and California wage and withholding information, in addition to the ability to view their payments, and balances due. We encourage you to use *My FTB Account* to verify estimated tax payments, since claiming the wrong amount of estimated tax payments is the top taxpayer error - and errors may delay refunds or cause taxpayers to get tax bills after they file.

ReadyReturn

ReadyReturn has returned, and qualified taxpayers may find that their completed tax return is waiting for them. There are two simple ways that eligible taxpayers can get *ReadyReturn*:

- Visit www.ftb.ca.gov and search for *ReadyReturn*.
- Call (800) 338-0505 and request that *ReadyReturn* be mailed to them.

To qualify for *ReadyReturn*, taxpayers must have filed a 2006 California resident return with:

- Single filing status.
- No dependents.
- No special credits.
- Standard deduction.
- **And** in 2007, only one employer.

Taxpayers who aren't eligible for *ReadyReturn* can try *CalFile*.

CalFile

The State's electronic filing program, [CalFile](#), will be offered in both English and Spanish this year. *CalFile* is available to taxpayers who file forms 540 2EZ, 540A, and, to a limited degree, the 540. The *CalFile* program accepts income of up to \$310,837, itemized deductions, and some tax credits.

540 2EZ now does the math

Taxpayers can fill in their information on this calculable tax form to print and mail to FTB.

Law changes**Registered domestic partners**

A big change this filing season, for the 2007 tax year, is the new state law requirement that registered domestic partners (RDPs) file their state tax returns using either the married filing jointly or married filing separately filing status. Under prior state law, RDPs used the single or head of household filing (HOH) status. The new state law will not affect filing status for federal tax returns.

Standard deduction and personal exemption

The standard deduction amount for single or married filing separately taxpayers increases from \$3,410 to \$3,516. For joint, surviving spouse, or HOH taxpayers, it increases from \$6,820 to \$7,032.

The personal exemption amount for single, married filing separately, and HOH taxpayers increases from \$91 to \$94. For joint or surviving spouse, the personal exemption credit will increase from \$182 to \$188. The dependent exemption credit will increase from \$285 to \$294 per dependent claimed.

Franchise Tax Board tax season tips

- **Who has to file?** Individuals do **not** have to file if they are:
 - Single or HOH, and their total income was less than \$14,138.
 - Married, and their total income was less than \$28,276.

Filing requirements for those being claimed as a dependent are tied to the standard deduction. See our Website for more information.

- **Federal EITC:** The Earned Income Tax Credit reduces the taxpayer's federal tax obligation, or allows a refund if no federal tax is due. To qualify, your client must have had:
 - A child living with him or her, and earned less than \$37,783 (\$39,783 if married filing jointly).
 - No qualifying children, and earned less than \$12,590 (\$14,590 if married filing jointly).

For more details, go to www.irs.gov and search for EITC Assistant. California has no comparable state credit.

- **Electronic refund deposit:** Almost 10 million taxpayers – nearly two-thirds of those who filed taxes last year – received a state tax refund averaging more than \$800. If your clients use electronic refund deposit, they can even request that their refunds be electronically deposited between two different accounts, including checking, savings, IRA, or money market accounts.
- **Voluntary contributions:** The state tax forms list 11 charitable funds your clients can contribute to directly from their returns. Contributions made to these funds will reduce your client's refund, or increase taxes owed. Taxpayers who contribute to any of these funds can take a charitable contribution deduction on next year's return if they itemize their deductions.
- **Paying taxes online:** FTB's *WebPay* allows taxpayers to authorize a payment from their bank account on a specific date, to satisfy their return balance due or extension payment. They should pay on or before April 15 to avoid penalties and interest. Taxpayers can also pay estimated tax, or make any bill payments online. For a small fee, they can also pay their taxes with their Discover/NOVUS, MasterCard, American Express, or Visa cards. FTB also accepts payments through Western Union.
- **If your clients can't pay their taxes:** They can request a payment plan online. If they owe less than \$25,000 and can repay it within five years, they will generally qualify.
- **If they don't want to owe taxes:** Go to the California taxes homepage at www.taxes.ca.gov and use the DE 4 Calculator, *Employee's Withholding Allowance Certificate*, to compute your client's suggested payroll withholding to closely approximate their tax liability.
- **Do your clients owe use tax?** California residents are required to pay state use tax on certain purchases made from out-of-state sellers, such as by telephone, over the Internet, by mail, or in person, if the seller does not collect sales or use tax, and if the buyer uses, gives away, stores, or consumes the item in California (see related article in this issue). Go to the Board of Equalization's [Website](http://www.boe.ca.gov) at www.boe.ca.gov for more details.
- **Information in other languages:** FTB continues to provide more tax information in Spanish, Chinese, Korean, and Vietnamese. We also have a Speakers' Program, with technical subject matter experts who are available to speak at a variety of public forums statewide to educate the public on this, and other topical tax subjects.
- **Phone service:** If your client has a tax question at 3:00 a.m., you can keep sleeping - we provide toll-free, 24-hour automated phone service at (800) 338-0505. Or, to speak with a customer service representative, your client can call our general toll-free phone line at (800) 852-5711, from 7 a.m. to 6 p.m., weekdays except state holidays.

- **Walk-in service:** FTB has six regional field offices that offer walk-in service in Los Angeles, Oakland, Sacramento, San Diego, San Francisco, and Santa Ana. For directions, visit our [Website](#).
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2008 Franchise Tax Board Information Directory available online

When you need a phone number, or a Web, email, or location address, refer to our new *2008 FTB Information [Directory](#)*. This compact online listing contains a wealth of FTB contact information. You can find it on our Website by entering “directory” in the search box

What’s new for head of household filers in 2008?

The big filing status news for the upcoming filing season is that registered domestic partners (RDPs) are treated the same as a married couple for tax purposes. Effective January 1, 2008, RDPs must file their 2007 California income tax returns using either the joint or the separate filing status. RDPs may use the head of household (HOH) filing status if they are in the process of ending their relationship and they meet the requirements to be “considered not in a registered domestic partnership.”

General rules

To qualify for the head of household filing status as an RDP, the taxpayer must meet all of the following general requirements. The RDP:

- On the last day of the year, met the requirements to be considered not in a registered domestic partnership (did not live with the other RDP at any time during the last six months of the year).
- Paid more than one-half the costs of keeping up his or her home for the year.
- Kept up his or her home that was the main home for the RDP and for the RDP’s birth child, stepchild, adopted child or eligible foster child, who lived with the RDP for more than half the year.
 - And, the child met the requirements to be a qualifying child or qualifying relative.
- Was entitled to a dependent exemption credit for the child.
- Was **not** a nonresident alien at any time during the year.

Check these reference sources to help you determine if your clients, including your RDP clients, qualify for HOH filing status:

- For more information on RDPs, go to our [Website](#) at www.ftb.ca.gov, and search for “Publication 737” (*Tax Information for Registered Domestic Partners*) in the search window.

- FTB Publication 1540, *California Head of Household*, provides detailed information. It includes general requirements, detailed self-tests, definitions of pertinent terms, and a list of frequently asked questions. You can download this form from our Website, or request that we mail it to you by calling (800) 338-0505.
 - The [HOH Webpage](#) has the same detailed information as Publication 1540. You can find it on our homepage at www.ftb.ca.gov, located on the left side under “online tools.”
 - The 2007 personal income tax booklets provide general rules for qualifying as head of household.
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Report use tax on your clients' California income tax returns

Income tax time is here again – and that means it's time to discuss with your clients how they can report and pay use tax on their state income tax return for purchases made during the 2007 tax year. By doing so, you may help them avoid penalties and interest on use tax that has not been previously reported and paid to the Board of Equalization (BOE). You probably know that tax practitioners prepare more than 60 percent of all individual income tax returns we receive. But, did you know that for the 2006 tax year, only about 18 percent of the returns reporting a use tax liability were practitioner-prepared?

Although it has been in existence since 1935, use tax is one of the most overlooked and misunderstood state tax laws. Use tax is intended to protect California retailers who would otherwise be at a competitive disadvantage when out-of-state vendors make sales to California customers without charging tax. Even though sales tax is owed to the State by the retailer, use tax is generally owed by the purchaser. Visit the BOE Website at www.boe.ca.gov for more information.

How should I report use tax?

You can report use tax for your clients on their California income tax returns. Legislation to add a use tax line to California's income tax returns was passed in 2003. This addition made it easier to report and pay use tax on out-of-state purchases for consumers, and for businesses that are not required to have a seller's permit with BOE.

The alternative to reporting use tax on the California income tax return, is to prepare an additional tax return and pay the use tax directly to the BOE. If you or your clients wish to use this alternative, you can download [Publication 79-B, California Use Tax](#), from the BOE Website, or request a copy from the BOE's Information Center (see the phone number below). This publication includes a use tax return.

How do I know if I should report use tax?

Use tax applies to purchases from out-of-state or foreign sellers, and is similar to the sales tax that would have been paid if the item had been purchased in California. In general, your clients

must pay California use tax on purchases made out-of-state (on the Internet, by telephone, by mail, or in person) if both of the following occur:

- The seller does not collect California sales or use tax.
- Your client uses, gives away, stores, or otherwise consumes the item in this state.

Generally, use tax is due on a purchase from an out-of-state retailer if the purchase of the same item in California would be subject to sales tax. However, not all purchases are subject to use tax. Please see the BOE Publication 112, [Purchases from Out-of-State Vendors](#) for additional information.

Act now

Publicizing this information is part of the BOE's ongoing program to inform tax practitioners and consumers of potential use tax liabilities. Please feel free to reproduce this article and give it to your clients. A special Website (<http://www.boe.ca.gov/ads/news06.htm>) is available for more information about use tax reporting on the state income tax return. You may also phone the BOE Information Center at (800) 400-7115, if you have additional questions. TDD service for the hearing impaired is available from TDD phones at (800) 735-2929 or from voice phones at (800) 735-2922. Income tax information is not available through any of these phone numbers.

Getting the word out on the Earned Income Tax Credit

Assembly Bill 650 (Lieu and Jones, Stats. 2007, Ch. 606) is a new law that requires employers to notify all of their employees about the federal Earned Income Tax Credit (EITC). The Employment Development Department (EDD) is the lead agency in getting the word out to California employers. With EDD's permission, we are reprinting the information and FAQs on EITC notification. For more information on employment taxes and employer/employee issues, visit the EDD Website at <http://www.edd.cahwnet.gov/> and check their EITC Notification [FAQs](#).

Earned Income Tax Credit notification

Effective January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit (EITC).

Assembly Bill 650 (Lieu and Jones, Stats. 2007, Ch. 606) requires any employer who is subject to, and is required to provide unemployment insurance, to employees to notify all employees that they may be eligible for the EITC. Employers shall give notification to employees within one week before or after the *Wage and Tax Statement* (Form W-2) or *Miscellaneous Income* (Form 1099) is given. Employers may provide the EITC notification with or at the same time as the Form W-2 or Form 1099 is given to employees. This new law also requires the employer to process the IRS Form W-5 for advance payments of the EITC, if requested by the employee.

You must provide notification to your employees by either handing it directly to your employee or mailing it to your employee's last known address. Posting of this information on an employee bulletin board **will not** satisfy the notification requirement.

The notification shall include instructions on how to obtain any notices available from the Internal Revenue Service for this purpose, including, but not limited to, the IRS Notice 797 and Form W-5, **or** any successor notice or form, or any notice created by you, as long as it contains substantially the same language as the notice below or in this [sample notice](#).

NOTICE TO EMPLOYEES

Based on your annual earnings, you may be eligible to receive the Earned Income Tax Credit from the federal government. The Earned Income Tax Credit is a refundable federal income tax credit for low-income working individuals and families. The Earned Income Tax Credit has no effect on certain welfare benefits. In most cases, Earned Income Tax Credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families payments. Even if you do not owe federal taxes, you must file a tax return to receive the Earned Income Tax Credit. Be sure to fill out the Earned Income Tax Credit form in the federal income tax return booklet. For information regarding your eligibility to receive the Earned Income Tax Credit, including information on how to obtain the [IRS Notice 797](#) or [Form W-5](#), or any other necessary forms and instructions, contact the Internal Revenue Service at (800) 829-3676 or through its Website at www.irs.gov.

Use FTB-approved substitute or scannable forms

If you plan to use tax preparation software for 2007 tax forms, be sure the California income tax forms generated from your software meet the requirements of our Substitute Forms Program. Filing tax returns on unapproved forms can lead to processing delays.

All companies that manufacture and sell tax preparation software that generate California income tax forms must file an annual agreement with FTB stating their intent to comply with our requirements. By signing form FTB 1096, *Agreement to Comply with FTB Publication 1098 Annual Requirements*, the company agrees to follow the rules for developing substitute and scannable forms. For a copy of FTB [Form 1096](#), go to www.ftb.ca.gov and search for "2007 Form 1096."

Filing form FTB 1096 is the first step in the approval process. The second step is making sure that tax software companies actually comply with our annual requirements, and obtain our approval for use in the coming year. Tax software companies that produce substitute and scannable forms are required each year to submit their forms to us for approval before they are offered to their customers.

If you're unsure whether the forms you plan to use this filing season are FTB-approved, ask your software provider to show you the FTB-issued approval letter for **each** form you plan to use, before you use it. Don't accept a general statement from your provider that all company forms have been approved. Instead, give your provider a list of the forms you plan to use, and ask your provider to provide you a copy of the FTB approval letter for each form.

At press time, the following software companies filed form FTB 1096 with FTB, agreeing to comply with our requirements:

Company name	Telephone number
5227 Tax System Inc.	(626) 578-1978
2 nd Story Software Inc.	(319) 373-3600 x 1039
ACS Securities Services Inc.	(214) 887-7725
American Financial & Tax	(714) 669-1172 x105
ATX, CCH, a Wolters Kluwer Bus.	(207) 498-4289 x40041
Block Financial (TaxCut desktop Software) H&R Block Digital Tax Services	(617) 475-2031
BNA Software	(301) 387-4290
Brass Tax Presentations	(858) 487-2331
CCH Tax & Accounting – CA	(310) 543-4122
CCH Tax & Accounting, a Wolters Kluwer Business (Prosystem FX & Complete Tax)	(316) 612-5502
CCH Tax & Accounting, a Wolters Kluwer Business (Write-Up)	(316) 612-5502
CCH, a Wolters Kluwer Business	(847) 267-2334
CFS Tax Software Inc.	(800) 343-1157 x 129
CORPTAX, LLC	(847) 236-8134
Creative Solutions- TTA (034)	(800) 607-5100 X 3215
DataProse Inc.	(972) 871-4436
Data Technology Group	(315) 493-1120
Deloitte Tax LLP	(312) 486-5426
Drake Software	(828) 349-5986
Ernst & Young LLP	(212) 773-1162
ExacTax, Inc.	(800) 352-3638 x 219
EzTaxReturn.com, LLC	(617) 395-0360
FileYourTaxes.com	(805) 644-9398
Gear Up Tax Seminars	(916) 645-1040

Gemisys Financial	(303) 705-6000 x 6423
H&R Block Inc.	(816) 854-3416
Howard Soft	(858) 454-0121
<i>Intuit, Inc.</i>	(858) 215-7171
Jackson Hewitt	(941) 378-7127
Lamson Tech	(215) 627-5874
Lawrence Livermore National Security, LLC	(925) 423-6846
Legal Aid Society of Orange County	(714) 571-5203
Liberty Tax Service/WeFile Inc.	(757) 301-8122
LTS Software Inc.	(408) 935-8468 x 104
Nelco Solutions	(920) 337-2874
On-Line Taxes Inc.	(816) 665-8115
Orange Door Inc.	(650) 952-1773
ORRTAX Software Solutions	(425) 957-8141
PETZ Enterprises Inc.	(209) 835-2720 x 2105
Phoenix American Financial Svcs. Inc.	(415) 485-4770
Ram Quest Software Inc.	(214) 291-1600 x 111
RBJ Computer Systems Inc.	(626) 357-9725
Rhodes Computer Services (TaxSlayer)	(706) 855-0350 x 218
SDDS Computer Accounting	(909) 987-2408
Smartrak Group Inc.	(763) 559-2335
Smokey Software Inc.	(501) 779-3849
Southern California Permanente Medical Group	(626) 405-3024
Spidell Publishing Inc.	(714) 776-7850
STF Services Corporation	(800) 541-7197 x 266
TaxHawk, Inc.	(801) 812-1040 x 15
Tax Materials, Inc.	(952) 746-5276
Taxsation, Inc.	(888) 829-1120 x 168
Tax\$imple Inc.	(973) 989-8955
Taxware Systems, Inc.	(909) 931-3131
TAXWISE	(706) 290-7287
TAXWORKS, LLC	(801) 529-9089

Thomson Tax & Accounting	(972) 250-8241
Vertex Inc.	(941) 342-3674
Weaver Land Corp- Weaver Tax Service	(408) 258-0912
William H Downs, CPA	(818) 981-4313 x 12
Wilson LLP	(404) 841-6250 x 1
WNC & Associates, Inc.	(714) 662-5565 x 187
World Tax Partners LLP	(972) 236-6748

Save the date for IRS's *Tax Talk Today* on January 8

Those of you with small business clients will want to mark your calendars for January 8, when the IRS offers *Tax Talk Today* "Getting Ready for the Filing Season 2008: Part 2 (Businesses)." See the IRS announcement below for details on this and future *Tax Talk* programs, as well as many useful IRS links.

IRS's January 8 *Tax Talk Today* program gives small businesses a head start on the upcoming tax-filing season

The 2008 filing season is right around the corner. The IRS's January *Tax Talk Today* (TTT) program, "Getting Ready for the Filing Season 2008: Part 2 (Businesses)", on Tuesday, January 8, 2008 at 2 p.m. will give tax professionals, their clients, and small business owners a head start.

This annual program picks up where the December program ended ("Getting Ready for the Filing Season 2008: Part 1 (Individuals)"). The show's panel of experts will discuss business tax return issues for small businesses and self-employed taxpayers, recent tax law changes and updates for the 2007 tax year, IRS regulations, business credits, common errors, and processing issues which impact filing business returns for the 2007 tax year.

Sponsored by the IRS, *Tax Talk Today* is a free, live, monthly interactive Webcast aimed at educating tax professionals and their business clients on the most contemporary and complex tax issues. They are encouraged to watch and submit questions. Tax professionals in need of continuing education credits (CECs) are eligible to receive one CEC by viewing the January 8th Webcast. Click on [Continuing Education](#) at the TTT Web site for more information.

The one-hour live programs begin at 2 p.m. ET on the second Tuesday of each month except April and August. In addition to viewing live Webcasts and archived programs, listening to audio podcasts and reading show transcripts, subscribers can order audio and video recordings from the [Tax Talk Today](#) Website.

To access the Webcast at no charge, viewers can register online at www.TaxTalkToday.tv. *Tax Talk Today* can be viewed with Windows Media Player and Real Player. Both players are free software that may already be installed on your computer. If not, click the link for [Installing System Software to view Internet Broadcast](#) under "How to View."

If you missed the program, the December 11 Webcast is accessible for viewing via archive for 12 months at [Tax Talk Today](#). A transcript of the show is also available, as well as an audio podcast. For more information on future programs, go to the TTT Website and select [Upcoming Programs](#).

To learn about the availability of IRS products and services, subscribe to IRS's e-News for Small Businesses. To see a representative sample and to start a free subscription to e-News, just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.

Notes from the Tax Practitioner Stakeholder Specialist

Thoughts on the 2008 tax season and new legislation

As tax professionals, your role is to help taxpayers determine their tax obligations while also guiding them to take advantage of the full range of tax benefits and credits. With the many changes that occur during the year-end when new legislation is passed, it is sometimes difficult to keep up. This year California's Legislature passed AB 650, requiring employers to also share the burden of keeping up with new laws. Beginning January 2008, all employers that are required to provide unemployment insurance must now also notify all employees that they may be eligible for the Earned Income Tax Credit (EITC). Tax preparers play an important role in helping taxpayers understand and appropriately claim the EITC, and in light of this new legislation, many more of your clients may be inquiring about this credit to see if they qualify. Check the IRS's [Webpage](#) "EITC Information for Tax Preparers" for tips on due diligence, helpful resources, and how to help your clients avoid the four most common EITC errors.

Another area of potential change in legislation involves the alternative minimum tax (AMT). For the 2008 filing season, FTB is keeping watch on progress with the federal AMT legislative patch. The IRS is preparing contingency plans for the possibility of a significant delay to the start of their filing season. According to the Federation of Tax Administrators, "the delay in finalizing changes to the AMT will in all likelihood delay the beginning of the 2008 filing season. IRS projects that it will need seven weeks from the time an AMT bill is finalized to be able to accept and process returns - either electronically or on paper."

While FTB systems and processes will be ready to accept California returns on January 2, we may also experience delays in the flow of returns to us, due to the fact that federal and state returns are often filed at the same time. We are aware of this potential delay and are planning accordingly. As we go to press, it appears that AMT HR 4351 passed the house, although the White House threatens a veto.

Inside FTB

Federal legislation on alternative minimum tax, mortgage debt relief

You may have heard that late legislative changes to patch the federal Alternative Minimum Tax (AMT) law could push back the start of the federal tax filing season and delay the time it will take taxpayers to receive their refunds. California's AMT law is similar to the federal AMT but not dependent on federal calculations.

Franchise Tax Board (FTB) systems and processes are ready to accept state tax returns starting on January 2, 2008. We expect many individuals who file simple tax returns and are owed state tax refunds will be able to file their California return early in the tax season as they normally would. However, we are anticipating delays in the normal flow of state tax returns due to the fact that the filing of federal and state returns are typically tied closely together. We are adjusting our work plans accordingly to prevent service impacts on taxpayers and professionals with their state tax filing needs.

In late December, Congress also passed the Mortgage Debt Relief Act of 2007. Check our February issue for an update on how California taxpayers may be affected by this legislation.

"My FTB Account" debuts

The online Web application formerly known as *View Payments and Balance Due* has transformed into *My FTB Account*. The new name reflects its broader, enhanced capabilities.

Previously, taxpayers and their authorized representatives could view:

- Estimated tax payments, estimate transfers, and extension payments waiting to be applied to a tax return.
- The most recent payments applied to a balance due.
- The total balance due as of the date the service is accessed.
- A summary by tax year of the balance due.

Now, in addition to what was previously available, it will also be possible to view:

- New!** • California wage and withholding information.
- New!** • FTB-issued 1099-G and 1099-INT information.

To [check out](#) *My FTB Account* on our [Website](#), enter "preview *My FTB Account*" in the search field.

2008 Southern California practitioner seminars

You are invited to participate in a unique opportunity - hear directly from IRS and FTB personnel about updates and how to deal effectively with processing, procedures, and services. This is a great way to get firsthand information from the experts.

The program will provide up to seven hours of continuing educational credits (six hours Federal and one hour California). A registration [form](#) is available, or contact **Joni Terens**, EA, for additional information at (714) 823-4633 or joni@abt-tax.com.

Dates and Locations:**Monday, January 7 - South Bay Chapter**

Location: Radisson Hotel, 6161 W. Centinela Ave., Culver City, CA 90045

Tuesday, January 8 - San Fernando Valley Chapter

Location: Pickwick Gardens, 1001 W. Riverside Dr., Burbank, CA 91506

Wednesday, January 9 - Palomar/San Diego Chapter

Location: California Center for the Arts, 340 N. Escondido Blvd., Escondido, CA 92025

Thursday, January 10 - Inland Empire Chapter

Location: Hilton Hotel, 285 E. Hospitality Lane, San Bernardino, CA 92408

Friday, January 11 - Orange County Chapter

Location: Hilton Hotel, 18800 MacArthur Blvd., Irvine, CA 92612

Saturday, January 12 - Channel Islands (Santa Barbara area) Chapter

Location: Holiday Inn, 5650 Calle Real, Goleta, CA 93117

Interested Party Meetings

- **Apportionment of business income - Regulation Section 25128**

January 9, 2008, at 10:00 a.m., Franchise Tax Board: [Meeting notice and information](#)

- **Sales factor, sales other than sales of tangible personal property in this state - Regulation Section 25136**

January 9, 2008, 1:30 p.m., Franchise Tax Board: [Meeting notice and information](#)

Correction/clarification: December Tax News

We have revised the worksheet example in the December article "FTB scrutinizes car and truck expense compliance" to remove the depreciation deduction, and to clarify the example. Please review the new, corrected example on our [Website](#). We regret any inconvenience this may have caused.

Criminal Corner

We are committed to closing California's \$6.5 billion tax gap, defined as the difference between tax that is owed, and tax that is paid. Our special agents work cooperatively with law enforcement agencies throughout California to uncover illegal behaviors that contribute to the tax gap. These include underreporting income, overstating deductions, failing to file returns, failing to pay taxes due, and making illegal cash payments to employees.

Tax fraud is not a victimless crime. You can report suspected tax fraud by calling FTB at (800) 540-3453.

Santa Monica doctor arrested on state income tax evasion

A Santa Monica physician was arrested on December 13, on three felony charges of state income tax evasion.



Barnett J.W. Grier, Jr., 63, a self-employed physician who appears to be residing between Santa Monica, and Plumas County in Northern California, was arrested without incident by FTB special investigators. According to investigators, Grier allegedly failed to file state income tax returns for 2002 - 2004, failing to claim the more than \$5.2 million he earned during these years. He was employed by a Plumas County medical clinic at the time of his arrest.

Each felony count carries a maximum term of three years in state prison.

This marks the sixth arrest by FTB, who has been working with the Los Angeles County District Attorneys Fraud Interdiction Program. The program was launched in 2004 to more effectively investigate and prosecute health care fraud cases, which cost health insurers and government-funded health plans more than \$100 billion nationally each year. The program targets attorneys, medical doctors, chiropractors, dentists, and clinic owners who have allegedly engaged in health care fraud.

Since the program's inception, the most blatant abusers of health care insurance fraud have been convicted and sentenced to prison. FTB is working on more than 40 other cases concerning health care providers involved in tax evasion from health care insurance fraud. The most common health care fraud schemes include billing for services not rendered or medically unnecessary, double billing for services, and engaging in kickbacks.

This is a joint investigation between the Los Angeles District Attorney, the California Department of Justice, and the Franchise Tax Board.
